

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2414 - SB 2533

March 8, 2014

SUMMARY OF BILL: Changes, from 50 percent to 60 percent, the required Basic Education Program (BEP) formula percentage that must be provided for medical insurance premiums for instructional positions.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures –

\$78,739,000/FY14-15/BEP

Exceeds \$78,739,000/FY15-16 and Subsequent Years/BEP

Increase Local Revenue –

\$78,739,000/State BEP Funding

Exceeds \$78,739,000/FY15-16 and Subsequent Years/State BEP Funding

Increase Local Expenditures –

\$500,500/BEP Local Match Requirement

Exceeds \$500,500/FY15-16 and Subsequent Years/BEP Local Match Requirement

Assumptions:

- Currently the BEP funding formula is providing 45 percent, rather than 50 percent, in state funding for medical insurance premiums for instructional positions.
- According to the Department of Education increasing the formula so that 60 percent of the medical insurance premium is funded through the BEP formula will require an increase in state BEP expenditures of \$78,739,000.
- The BEP formula would require a formulaic increase in the local match requirement.
- A majority of local education agencies are currently funding above and beyond the local match requirement, therefore, their local funding would not be required to be increased.
- Based on the information from the Department of Education, four LEAs would have to increase their local funding, a total of \$500,469 in FY14-15.

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- It is estimated that state and local BEP expenditures will increase in FY15-16 and subsequent fiscal years due to natural growth and inflation.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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